GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3806
ANSWERED ON:13.12.2001
POWER CAPACITY OF NTPC
RAM JEEVAN SINGH;RAMCHANDRA PASWAN

Will the Minister of POWER be pleased to state:

(a) the target fixed for adding to the existing NTPC`s power capacity during 2000- 2001;

(b) the achievement made so far;

(c) the estimated amount of unpaid bills of the State Governments and the NTPC`s turn over during 2000-2001;

(d) the reasons for non-recovery of outstanding bills from the State Governments; and

(e) the manner in which the Government propose to achieve the power target with the debt recovery position?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : National Thermal Power Corporation`s (NTPC) capacity addition targetfor 2000-01 was 144 MW for one Steam Turbine Generator unit (144 MW) at FaridabadGas Power Project and the same has been achieved.This unit was commissioned in July, 2000.

(c) : The amount of unpaid bills of State Electricity Boards/State PowerUtilities for the period upto 31st March, 2001 is given in Annexure.

NTPC`s turnover during 2000-01 was Rs.19064.77 crore.

(d): The financial position of most of the SEBs has deteriorated over a periodof time due to non-remunerative tariff, poor maintenance of generation, transmission & distribution assets resulting in under utilization of capacity, poor collection of receivables from their consumers and high transmission and distribution losses due to technical & non-technical reasons. Due to such problems in SEBs, their capacity to pay for purchase of energy has not increased matching with their energy requirement.

(e) : Various measures have been taken by the Government/NTPC to improvethe debt recovery position so that the power target may not suffer.

The Government of India has constituted an Expert Group under thechairmanship of Member (Energy), Planning Commission to recommend measures for one time settlement of outstanding dues of SEBs payable to Central Power SectorUtilities (CPSUs).The Expert Group has recommended measures for securitisation ofpast dues as well as for payment of current dues in future. The report of the Expert Group was considered by High Level Empowered Group.The scheme endorsed by HighLevel Empowered Group envisages substantial incentives to the state utility to settle past dues and ensure full payments in future. These benefits include:

(i) A partial right off of surcharge to the extent of 60% thereof.

(ii) CPSUs to give 2% of bond amount as cash incentive to those SEBs who open andmaintain LCs without default by the specified dates.

(iii) Issuance of the tax free bonds by the State Governments.

(iv) The cash incentives for a period of 4 years @ 6% in the first year, 5% in the second year and 4% each in the 3rd & 4th year of the face value of the bonds to SEBs for achieving the prescribed performance milestones by the SEBs.

Further, the Expert Group has also made the following recommendations for payment of the current dues in future:

1. SEBs or their successor entities shall open and maintain irrevocable LCs that areequal to 105 per cent of their average monthly billing for the preceding 12 months.

2. Payments that remain outstanding after 90 days from the date of billing shall be recovered, on behalf of the CPSUs, by the Ministry of Finance through adjustment against releases due to respective State Government on account of plan assistance, State`sshare of Central taxes and any other grant or loan.

3. The requisite LC shall be opened by specified date and failure to do so shallattract reduction in supplies from all CPSUs and suspension of some of the Central assistance to the states. These penal provisions shall also apply if the LCs are notmaintained in future.

In addition, the following measures are also taken :

(i) The NTPC management is actively pursuing recovery of dues with concerned SEBs/State Governments.

(ii) A special incentive scheme has been introduced by NTPC since September, 1994to provide financial incentives to States which established Letter of Credits (LC) to coverfull amount of current monthly bills. By enhancing their LC to the required level, SEBswould be in a position to avail 2.5% rebate on payments made in four equated weekly installments and also obtain reimbursement of charges incurred for LC operation.

(iii) To reduce outstanding dues, NTPC approached Government of India for directappropriation out of Central Plan assistance to states. The Government of India hasapproved Central Appropriation out of Central Plan Assistance to States for payment of outstanding dues of NTPC against various defaulting SEBs from time to time.Such payments of Central Appropriation is also being released by the Government of India out of the approved amounts from time to time since 1987-88.

(iv) the NTPC at times also resorts to regulation of power to the defaulting states after giving the necessary notices as per Law.

(v) NTPC has incorporated special payment safeguards in the Power PurchaseAgreement being signed for its new projects. These include back up for the LCs by wayof Escrow Arrangement, State Government Guarantee and Tripartite Agreement fordirect payment out of State`s RBI Account in case of default in payment.

ANNEXURE

STATEMENT REFERRED TO IN REPLY TO PART (c) OF LOK SABHA UNSTARRED QUESTION NO.3806 TO BE ANSWERED ON 13.12.2001 REGARDING POWER CAPACITY OF NTPC.

NTPC OUTSTANDING DUES AS ON 31.3.2001

(RS. IN LACS)

STPS/SEB AS ON DATE	OUTSTANDING BILLED	SURCHARGE OUTSTANDING	TOTAL
BIHAR	183089	128536	311625
DELHI	144584	146376	290960
UTTAR PRADESH	204134	69035	273169
WEST BENGAL	83673	62056	145729
MADHYA PRADESH	105832	36838	142670
DAMODAR VALLEY CORPORATION	26889	39949	66838
ORISSA	41071	14325	55396
MAHARASHTRA	42148	23061	65209
KERALA	45504	7545	53049
TAMILNADU	30660	14553	45213
RAJASTHAN	29158	11525	40683
HARYANA	6863	27506	34369
KARNATAKA	18031	9280	27311
GUJARAT	-386	22778	22392
PUNJAB	7773	1988	9761
ANDHRA PRADESH	-2273	4337	2064
ASSAM	3355	1923	5278
HIMACHAL PRADESH	2250	1525	3775
SIKKIM	2547	1179	3726
PONDICHERY	2152	1329	3481
JAMMU & KASHMIR	3378	0	3378

GOA (Western Region)	0	220	220
DAMAN & DIU	-102	108	6
GOA (Southern Region)	0	0	0
DADRA & NAGAR HAVELI	0	0	0
U.T. of Chandigarh	-71	0	-71
OTHERS	-194	312	118
TOTAL	980065	626284	1606349

ABBREVIATIONS:

STPS : SUPER THERMAL POWER STATION
SEB : STATE ELECTRICITY BOARD